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SUBJECT: CODEL TIERNEY'S MEETING WITH PRESIDENT MUSHARRAF

Classified By: Charge d'Affaires Peter Bodde, for reasons 1.4 (b)(d)

11. (C) In a March 27 meeting with Codel Tierney, President Musharraf praised newly elected Prime Minister Gillani, urged the new government to make the transition from politics to governance, and discussed efforts to combat extremism. End Summary.

12. (C) Codel Tierney (Representatives John Tierney, Keith Ellison, Jim Moran, Betty McCollum, Maurice Hinchey, and Barbara Cubin), accompanied by Charge and Polcouns met March 27 with President Pervez Musharraf. Also attending were General Shaufkat and MFA Additional Secretary for Americas Attiyah Mahmood.

13. (C) Congressman Tierney offered Musharraf congratulations on the recent election and the way he responded to it. The U.S. wanted to support the new government and continue our mutually friendly relations. Asked about the way forward, Musharraf described the challenge of governing Pakistan with its multiple ethnic, linguistic and religious forces that must be balanced. Political stability was required to support economic growth which, he said, was the basis for progress; the new government must not allow politics to interfere with sound economic management. Only "madmen" would think that the government could increase subsidies for food and fuel, given rising international commodity prices. The GOP's balance of payment deficit is now at an unmanageable level and is putting pressure on foreign reserves, explained Musharraf. The answer was to increasing earnings from remittances (which were growing but limited), exports, and investment. This, said Musharraf, is where the U.S. can help by increasing market access for Pakistani goods. He preferred trade to aid, because trade encourages industrial development, creates jobs and alleviates poverty.

14. (C) Musharraf said the new government was at a crossroads between political activity and governance. Political stability was crucial, said Musharraf, because if the government fails there will be street protests that will lead to another intervention by the Army. The good news from the election was the defeat of the religious extremists. The problem was that no one party controlled the government; the coalition between the Pakistan People's Party and Nawaz Sharif was one of the "oddest of bedfellows who hate each other." Congressman Tierney noted that this provided Musharraf with a role in mediating. Musharraf replied that he would encourage a conciliatory vs. confrontation approach, but he suspected that Nawaz would be confrontational.

Musharraf hoped the coalition partners would agree on what was necessary to move forward on the economy.

15. (C) Newly elected Prime Minister Yousef Gillani, said Musharraf "was a good man who will work well with me." However, under the constitution, the President does not have a role in governance. Musharraf explained that "There is no sharing of power; the Prime Minister is the executive." Musharraf said in the past few years that he stepped in to offer advice after it was asked from the Prime Minister. "I prefer to play tennis or golf," claimed Musharraf, but "I will gladly help if asked." He noted that the new government faced tough, unpopular decisions to raise commodity prices.

16. (C) Congressman Ellison asked about the role of the police and judiciary in fighting terrorism. Musharraf noted that the police were probably the most hated institution in Pakistan, but they also had been on the front lines of recent suicide bombings and were taking many casualties. In the tribal areas, the police had been the first ones to bolt when confronted; that is why, said Musharraf, it was necessary to rely on the Frontier Corps and the Army. The GOP needed to improve the professionalism of both the police and the judiciary and would welcome U.S. assistance in that effort. What was really needed to improve the fight against terrorism, said Musharraf, was better intelligence collection. "Suicide bombers are pawns; we need to find the masterminds and the financiers and that requires better intelligence." Musharraf noted that there was good and improving U.S.-Pakistani intelligence cooperation.

17. (C) Congressman Tierney asked about the persistent perception that ISI contributed to the problem of extremism.

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Musharraf said this perception was most unfortunate and untrue. Saying that ISI was manned by disciplined military officers, Musharraf noted there could be some lower level sympathy for the Taliban but, as an institution, ISI was committed to fighting the war on terror. "How could it be otherwise -- ISI itself is being attacked by the militants." Musharraf explained that previous GOP policy had been to support the mujahideen/Taliban when Pakistan and the U.S. were working to oust the Soviets from Afghanistan. "Then, the U.S. abandoned Afghanistan and left Pakistan to fend for ourselves." In the following years, said Musharraf, al Qaeda and the Taliban emerged. Pakistan supported the Taliban initially, said Musharraf. "What else could we do? The Northern Alliance was being supported by our enemies in India and Russia." After 9/11, however, Musharraf insisted the government changed course. He noted that ISI had been revamped three times, so the old personnel who supported the Taliban in the past were now gone.

18. (C) Congressman Moran asked about efforts to develop a middle class and increase Pakistan's tax base. Musharraf described the feudal and tribal societal barriers that made this task difficult and said he decided to expand the tax base rather than increase taxes. From 1947-2000, said Musharraf, the GOP had collected 306 billion rupees in taxes; from 2001-2007, it had collected one trillion rupees in taxes. The tax/GDP ration, admitted Musharraf, was still not good and should be improved.

19. (C) Congresswoman McCollum asked about education and adult literacy programs. Musharraf responded that with limited funds, he had had to prioritize expenditures and give the most to development. He focused aid to education on improving physical access to schools, vocational education and higher education. There were, however, a growing number of programs to provide adult education. The national literacy rate was only 54%, which Musharraf described as being too low.

110. (C) Congressman Hinchey thanked Musharraf for his leadership, which enabled cooperation that benefited both the

U.S. and Pakistan. Asked about his views on regional efforts to combat al Qaeda and the Taliban, Musharraf predicted there would be success. He said that Afghanistan needs more and stronger forces and economic development; he urged the U.S. and NATO to continue and strengthen their efforts. Pakistan, too, said Musharraf has to help on its side by reducing extremism and Talibanization.

¶11. (C) On the al Qaeda front, Musharraf said things were going reasonably well. In Swat, he said the military had successfully pushed militants back but had not yet caught Maulana Fazlullah. There was not complicity on the government's part, insisted Musharraf, in helping the extremists. Musharraf hoped that with the new, moderate provincial government in the Northwest Frontier Province, there would be an opportunity to move forward on improved security and economic development. He said he was grateful for the USG's \$150/year plan for providing assistance to the tribal areas but had not seen much of the money as yet.

¶12. (C) On the political side, said Musharraf, the GOP was now operating from a position of strength with the militants.

He admitted that the effort to negotiate a deal with militants in Waziristan had failed, but said this does not mean we should abandon negotiations altogether. Finally, said Musharraf, was the issue of extremism in Pakistani society. This is the fallout, he explained, from low literacy and the dependence of the people on ignorant mullahs. This must be dealt with long-term through education, a revised curriculum, and monitoring of the mosques, madrassas and religious organizations. With a moderate government, said Musharraf, we can succeed. Musharraf questioned, however, whether Nawaz has a different agenda.

¶13. (C) Congresswoman Cubin thanked Musharraf for doing a good job and noted it was easy to complain without full knowledge of events on the ground. She congratulated Musharraf for putting Pakistan first in his priorities.

¶14. (U) Codel Tierney has cleared on this message.

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